



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LAWRENCE COUNTY  
SHERIFF'S SETTLEMENT - 1999 TAXES AND  
SHERIFF'S SETTLEMENT - 1998 AND 1999 UNMINED COAL TAXES**

**March 31, 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **LAWRENCE COUNTY BOBBY J. WORKMAN, SHERIFF 1999 TAX SETTLEMENT 1998 AND 1999 UNMINED COAL**

On September 19, 2000, fieldwork was completed on the Sheriff's tax collections. We have issued an unqualified opinion on the financial statement. There were no compliance issues reported.

#### Tax Collections:

The Sheriff collected \$2,664,409 of taxes and owes a total of \$440 to 7 different taxing districts. The Sheriff has funds available in the tax account to pay these obligations.

#### Improvements:

The Lawrence County Sheriff has made tremendous improvements to his record keeping in the last few years. The Sheriff provided accurate records and was very cooperative with us during the audit engagement. We commend the Sheriff for the courtesy extended to us during the audit.



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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable David Compton, Lawrence County Judge/Executive

Honorable Bobby Workman, Lawrence County Sheriff

Members of the Lawrence County Fiscal Court

### Independent Auditor's Report

We have audited the Lawrence County Sheriff's Settlement - 1999 Taxes as of March 31, 2000 and the Sheriff's Settlement - 1998 and 1999 Unmined Coal Taxes as of March 31, 2000. These tax settlements are the responsibility of the Lawrence County Sheriff. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the Lawrence County Sheriff's taxes charged, credited, and paid as of March 31, 2000, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable David Compton, Lawrence County Judge/Executive

Honorable Bobby Workman, Lawrence County Sheriff

Members of the Lawrence County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
September 19, 2000



LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
SHERIFF'S SETTLEMENT - 1999 TAXES

March 31, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 351,107	\$ 328,003	\$ 1,024,264	\$ 358,542
Tangible Personal Property	40,431	27,730	89,541	64,261
Intangible Personal Property				20,169
Fire Protection	5,633			
Franchise Corporation	120,728	97,533	295,590	
Oil and Gas Property	5,232	4,391	15,264	5,340
Omitted Taxes	588	522	1,669	861
Increased Through Erroneous Assessments	160	134	467	163
Penalties	5,020	4,621	14,346	5,596
Adjusted to Sheriff's Receipt	13	3	7	1
Gross Chargeable to Sheriff	<u>\$ 528,912</u>	<u>\$ 462,937</u>	<u>\$ 1,441,148</u>	<u>\$ 454,933</u>
<u>Credits</u>				
Discounts	\$ 4,655	\$ 4,097	\$ 12,904	\$ 5,352
Exonerations	18,372	16,625	53,247	18,585
Delinquents:				
Real Estate	21,489	19,832	62,017	21,699
Tangible Personal Property	1,059	726	2,344	2,494
Intangible Personal Property				184
Total Credits	<u>\$ 45,575</u>	<u>\$ 41,280</u>	<u>\$ 130,512</u>	<u>\$ 48,314</u>
Net Tax Yield	\$ 483,337	\$ 421,657	\$ 1,310,636	\$ 406,619
Less: Commissions *	<u>20,829</u>	<u>17,920</u>	<u>52,425</u>	<u>17,569</u>
Net Taxes Due	\$ 462,508	\$ 403,737	\$ 1,258,211	\$ 389,050
Taxes Paid	462,041	403,218	1,256,907	388,331
Bank Share Commissions Lost				366
Refunds (Current and Prior Year)	<u>371</u>	<u>454</u>	<u>1,025</u>	<u>353</u>
Due Districts		**		
as of Completion of Fieldwork	<u>\$ 96</u>	<u>\$ 65</u>	<u>\$ 279</u>	<u>\$ 0</u>

\* and \*\* See Page 4

LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
SHERIFF'S SETTLEMENT - 1999 TAXES  
March 31, 2000  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	1,301,613
4% on	\$	1,310,636

\*\* Special Taxing Districts:

Library District	\$	25
Health District		7
Extension District		16
Soil Conservation District		6
Fire and Rescue District		<u>11</u>

Due Districts	\$	<u><u>65</u></u>
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The accompanying notes are an integral part of the financial statements.

LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
SHERIFF'S SETTLEMENT – 1998 AND 1999 UNMINED COAL TAXES

March 31, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for 1999 Unmined Coal	\$ 6,765	\$ 5,678	\$ 19,736	\$ 6,905
Sheriff's Official Receipt for 1998 Unmined Coal	3,942	3,274	11,579	4,188
Penalties	<u>156</u>	<u>131</u>	<u>453</u>	<u>159</u>
Gross Chargeable to Sheriff	<u>\$ 10,863</u>	<u>\$ 9,083</u>	<u>\$ 31,768</u>	<u>\$ 11,252</u>
<u>Credits</u>				
Discounts	\$ 15	\$ 13	\$ 45	\$ 16
Delinquents	<u>3,553</u>	<u>2,951</u>	<u>10,437</u>	<u>3,775</u>
Total Credits	<u>\$ 3,568</u>	<u>\$ 2,964</u>	<u>\$ 10,482</u>	<u>\$ 3,791</u>
Net Tax Yield	\$ 7,294	\$ 6,119	\$ 21,286	\$ 7,461
Less: Commissions *	<u>310</u>	<u>260</u>	<u>851</u>	<u>317</u>
Net Taxes Due	\$ 6,984	\$ 5,859	\$ 20,435	\$ 7,144
Taxes Paid	<u>6,984</u>	<u>5,859</u>	<u>20,435</u>	<u>7,144</u>
Due Districts as of Completion of Fieldwork	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

\* Commissions:

4.25% on	\$	20,874
4% on	\$	21,286

The accompanying notes are an integral part of the financial statements

LAWRENCE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of March 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

LAWRENCE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2000  
(Continued)

Note 4. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 23, 1999 through March 31, 2000.

Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1999. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 22, 1999 through March 31, 2000.

Note 5. Interest Income

The Lawrence County Sheriff earned \$2,979 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable David Compton, Lawrence County Judge/Executive  
Honorable Bobby Workman, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Lawrence County Sheriff's Settlement - 1999 Taxes as of March 31, 2000, and Sheriff's Settlement - 1998 and 1999 Unmined Coal Taxes as of March 31, 2000, and have issued our report thereon dated September 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lawrence County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable David Compton, Lawrence County Judge/Executive  
Honorable Bobby Workman, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 19, 2000

